

By: **Delegate McHale**
Introduced and read first time: February 9, 2001
Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 17, 2001

CHAPTER _____

1 AN ACT concerning

2 **Commercial Law - Uniform Commercial Code - Secured Transactions -**
3 **Scope**

4 FOR the purpose of ~~exempting, from the application of the provisions of the secured~~
5 ~~transactions provision of the Maryland Uniform Commercial Code, exempting~~
6 certain claims or rights to receive compensation for injuries or sickness and
7 certain claims or rights to receive benefits under certain special needs trusts
8 from certain provisions governing the assignment of certain rights under Title 9
9 of the Maryland Uniform Commercial Code; and providing for the effective date
10 of this Act.

11 BY adding to
12 Article - Commercial Law
13 Section 9-406(i)
14 Annotated Code of Maryland
15 (1997 Replacement Volume and 2000 Supplement)
16 (As enacted by Chapter 282 of the Acts of the General Assembly of 1999)

17 BY repealing and reenacting, with amendments,
18 Article - Commercial Law
19 Section ~~9-409(d)~~ 9-408(e)
20 Annotated Code of Maryland
21 (1997 Replacement Volume and 2000 Supplement)
22 (As enacted by Chapter 282 of the Acts of the General Assembly of 1999)

1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
2 MARYLAND, That the Laws of Maryland read as follows:

3 **Article - Commercial Law**

4 ~~9-109.~~

5 ~~(d) This title does not apply to:~~

6 ~~(1) A landlord's lien, other than an agricultural lien;~~

7 ~~(2) A lien, other than an agricultural lien, given by statute or other rule~~
8 ~~of law for services or materials, but § 9-333 applies with respect to priority of the lien;~~

9 ~~(3) An assignment of a claim for wages, salary, or other compensation of~~
10 ~~an employee;~~

11 ~~(4) A sale of accounts, chattel paper, payment intangibles, or promissory~~
12 ~~notes as part of a sale of the business out of which they arose;~~

13 ~~(5) An assignment of accounts, chattel paper, payment intangibles, or~~
14 ~~promissory notes which is for the purpose of collection only;~~

15 ~~(6) An assignment of a right to payment under a contract to an assignee~~
16 ~~that is also obligated to perform under the contract;~~

17 ~~(7) An assignment of a single account, payment intangible, or promissory~~
18 ~~note to an assignee in full or partial satisfaction of a preexisting indebtedness;~~

19 ~~(8) A transfer of an interest in or an assignment of a claim under a policy~~
20 ~~of insurance, other than an assignment by or to a health care provider of a~~
21 ~~health care insurance receivable and any subsequent assignment of the right to~~
22 ~~payment, but §§ 9-315 and 9-322 apply with respect to proceeds and priorities in~~
23 ~~proceeds;~~

24 ~~(9) An assignment of a right represented by a judgment, other than a~~
25 ~~judgment taken on a right to payment that was collateral;~~

26 ~~(10) A right of recoupment or set-off, but:~~

27 ~~(A) § 9-340 applies with respect to the effectiveness of rights of~~
28 ~~recoupment or set-off against deposit accounts; and~~

29 ~~(B) § 9-404 applies with respect to defenses or claims of an account~~
30 ~~debtor;~~

31 ~~(11) The creation or transfer of an interest in or lien on real property,~~
32 ~~including a lease or rents thereunder, except to the extent that provision is made for:~~

33 ~~(A) Liens on real property in §§ 9-203 and 9-308;~~

1 (B) Fixtures in § 9-334;

2 (C) Fixture filings in §§ 9-501, 9-502, 9-512, 9-516, and 9-519;
3 and

4 (D) Security agreements covering personal and real property in §
5 9-604;

6 (12) ~~An assignment of a claim arising in tort, other than a commercial tort
7 claim, but §§ 9-315 and 9-322 apply with respect to proceeds and priorities in
8 proceeds; {or}~~

9 (13) ~~An assignment of a deposit account in a consumer transaction, but §§
10 9-315 and 9-322 apply with respect to proceeds and priorities in proceeds;~~

11 (14) ~~A CLAIM OR RIGHT TO RECEIVE COMPENSATION FOR INJURIES OR
12 SICKNESS AS DESCRIBED IN 26 U.S.C. § 104(A)(1) OR (2), AS AMENDED FROM TIME TO
13 TIME; OR~~

14 (15) ~~A CLAIM OR RIGHT TO RECEIVE BENEFITS UNDER A SPECIAL NEEDS
15 TRUST AS DESCRIBED IN 42 U.S.C. § 1396P(D)(4), AS AMENDED FROM TIME TO TIME.~~

16 9-406.

17 (1) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2), THIS SECTION PREVAILS
18 OVER ANY INCONSISTENT STATUTE OF THIS STATE, UNLESS THE PROVISION IS
19 CONTAINED IN A STATUTE OF THIS STATE, REFERS EXPRESSLY TO THIS SECTION
20 AND STATES THAT THE PROVISION PREVAILS OVER THIS SECTION.

21 (2) SUBSECTION (D) DOES NOT APPLY TO:

22 (A) A CLAIM OR RIGHT TO RECEIVE AMOUNTS UNDER A WORKERS'
23 COMPENSATION ACT AS COMPENSATION FOR AN ACCIDENTAL INJURY OR AN
24 OCCUPATIONAL DISEASE;

25 (B) A CLAIM OR RIGHT TO RECEIVE AMOUNTS, WHETHER BY SUIT
26 OR AGREEMENT AND WHETHER AS LUMP SUMS OR AS PERIODIC PAYMENTS, FOR
27 DAMAGES ARISING FROM PERSONAL INJURIES; AND

28 (C) A CLAIM OR RIGHT TO RECEIVE BENEFITS FROM A SPECIAL
29 NEEDS TRUST DESCRIBED IN 42 U.S.C. § 1396P(D)(4), AS AMENDED FROM TIME TO
30 TIME.

31 9-408.

32 (e) (1) This section prevails over any inconsistent statute of this State
33 EXCEPT AS PROVIDED IN PARAGRAPH (2).

34 (2) SUBSECTIONS (A) AND (C) DO NOT APPLY TO:

1 (A) A CLAIM OR RIGHT TO RECEIVE AMOUNTS UNDER A WORKERS'
2 COMPENSATION ACT AS COMPENSATION FOR AN ACCIDENTAL INJURY OR AN
3 OCCUPATIONAL DISEASE;

4 (B) A CLAIM OR RIGHT TO RECEIVE AMOUNTS, WHETHER BY SUIT
5 OR AGREEMENT AND WHETHER AS LUMP SUMS OR AS PERIODIC PAYMENTS, FOR
6 DAMAGES ARISING FROM PERSONAL INJURIES; AND

7 (C) A CLAIM OR RIGHT TO RECEIVE BENEFITS FROM A SPECIAL
8 NEEDS TRUST DESCRIBED IN 42 U.S.C. § 1396P(D)(4), AS AMENDED FROM TIME TO
9 TIME.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 July 1, 2001, the effective date of Chapter 282 of the Acts of the General Assembly of
12 1999. If the effective date of Chapter 282 is amended, this Act shall take effect on the
13 taking effect of Chapter 282.